

ATTACHMENT B - SMALL BUSINESS CONTRACTING PLAN



**DEFENSE CONTRACT MANAGEMENT AGENCY
DCMA NORTHROP GRUMMAN BALTIMORE
P.O. BOX 1693, M.S. 1285
BALTIMORE, MD 21203-1693**



IN REPLY
REFER TO: DCMAE-GTBF

October 29, 2004

Vice President, Procurement & Materials Management
Northrop Grumman Electronic Systems
P.O. Box 1637
Baltimore, MD 21203

Dear [REDACTED]

We are pleased to inform you that the Northrop Grumman Electronic Systems Comprehensive Small Business Subcontracting Plan for fiscal year 2005 has been reviewed and approved. This approval recognizes your continued participation in the Small Business and Small Disadvantaged Business Subcontracting Plan (Test Program). The approved plan should be submitted in lieu of individual plans in all proposals and contracts with Department of Defense activities. A copy of this letter may be forwarded with the approved plan.

As Northrop Grumman Electronic Systems continues to realign its Procurement and Materials Management business element, it is necessary to clarify the locations covered as part of the FY 05 comprehensive plan. The plan covers procurement activity at the following sites: facilities located at EWI, Hanover, Annapolis, and Sykesville, Maryland; facilities located in [REDACTED]

Congratulations on achieving an acceptable comprehensive plan. We appreciate the dedication and cooperation of Northrop Grumman in making this effort a success.

Please direct any questions concerning this approval to me at [REDACTED]

Sincerely,

[REDACTED]

cc: DCMAE-OTBC [REDACTED]
DCMAE-GTDSB [REDACTED]
DCMA Northrop Grumman ES ACOs

H92222-05-C-0014
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Northrop Grumman Electronic Systems (NGES)

Comprehensive Small Business Subcontracting Plan

Fiscal Year 2005

Proposed to:
Defense Contract Management Agency (DCMA)

From:
**Procurement & Materials Management
Procurement Administration Department**

Document Date: August 11, 2004

Revision Level: 1 Date: September 22, 2004

Contractor		Government	
[REDACTED]	10/25/04	[REDACTED]	10-29-04
[REDACTED]	Date	[REDACTED]	
Contractor's Point of Contact:			
[REDACTED]			
Phone: [REDACTED]			
Internet Address: [REDACTED]			

COMPREHENSIVE SUBCONTRACTING PLAN FY2005

NORTHROP GRUMMAN

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- Attachment A Comprehensive Plan Subcontracting History - [REDACTED]
 (Summary)
 Attachment B [REDACTED] Subcontracting History
 Attachment C 2004 Socio-Economic Business Programs Calendar of Events
 Attachment D Listing of Northrop Grumman Small Business Liaison Officers (SBLOs) (as
 of August 2004)

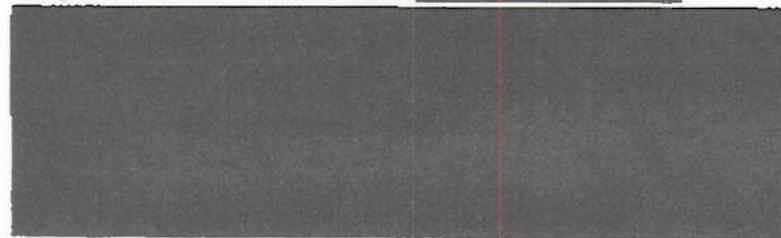
COMPREHENSIVE SUBCONTRACTING PLAN FY2005

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1. Introduction

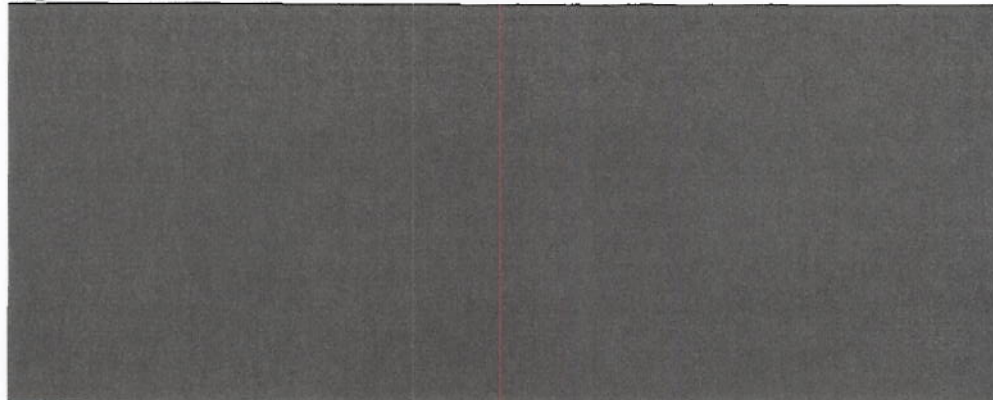
Northrop Grumman Electronic Systems, (NG-ES) welcomes the opportunity to continue participating in the DoD Comprehensive Small Business Subcontracting Plan Program during FY '05. Our continuing commitment to small business concerns has been demonstrated throughout the years. Our participation in this program provides an opportunity to enhance and expand our Socio-Economic Business Program while reducing some of the related administrative costs.

During FY '05, it is our goal to achieve a minimum of [REDACTED]
Our goals for each of the sub-categories [REDACTED]



NG-ES recognizes the importance and the economic value offered by small business concerns to our enterprise and the nation. Accordingly, we will extend a concerted effort to identify, and utilize Small Business concerns. Additionally, we will exert our best efforts to achieve our goals.

Beginning in FY'02 and continuing in FY '05, NG-ES will define specific strategies to identify, develop and increase business opportunities with [REDACTED] concerns. In view of this [REDACTED] NG-ES is determined to lead the aerospace industry in utilization. Accordingly, we have executive level support for our initiatives and increased emphasis relating to [REDACTED]. We recognize that achieving our goal will be challenging in today's environment. Our strategy for success will include the following:



* Assumes these category of firms will register in Small Business Source System (formerly known as PRO-Net) and/or make their classification known to potential buyers.

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The current program is being re-evaluated to ensure that Northrop Grumman maximizes the suppliers being considered for the [REDACTED] Program

The FY '05 plan will cover procurement activity in support of the NG-ES operations at the following locations:

2. Company Policy

The Corporate Vice President and President of NG-ES, Robert P. Iorizzo, signed the current Small Business Program Policy on October 01, 2003.

[REDACTED] The mission of the NG-ES Socio-Economic Business Programs Office is to utilize, to the maximum extent as is practical, [REDACTED] in every procurement decision (direct and indirect purchases) for all U.S. Federal Government, Commercial and International Customers.

3. Effective Period of Plan

Our Comprehensive Small Business Subcontracting Plan will cover the period October 1, 2004 through September 30, 2005. It is presented in accordance with the requirements of DFARS 252.219-7004 (Small, Small Disadvantaged and Women-Owned Small Business Subcontracting Plan

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(Test Program)). It replaces FAR clauses 52.219-9 (Small Business Subcontracting Plan), 52-219-10 (Incentive Subcontracting Program), 52.219-16 (Liquidated Damages-- Subcontracting Plan), and DFAR clause 252.219-7003 (Small, Small Disadvantaged and Women-Owned Small Business Subcontracting Plan (DoD Contracts)).

4. Definitions

As used in this Comprehensive Small Business Subcontracting Plan, the terms [REDACTED] shall be interpreted as defined in Federal Acquisition Regulations (FAR) Part 19.

5. Reporting

NG-ES will provide to the Government required data relating to our participation in the Comprehensive Small Business Subcontracting Plan Program. NG-ES will report our performance under this Comprehensive Small Business Subcontracting Plan in accordance with the instructions for the semi-annual SF295 Summary Subcontracting Report and other related directives. We will participate in any reviews, surveys, and/or studies that may be required as a participant in this program.

Our visibility systems provide data on our [REDACTED] activity. We will continue [REDACTED] as applicable.

Surveillance reviews concerning this plan will be performed for the Administrative Contracting Officer (ACO) through the following office:

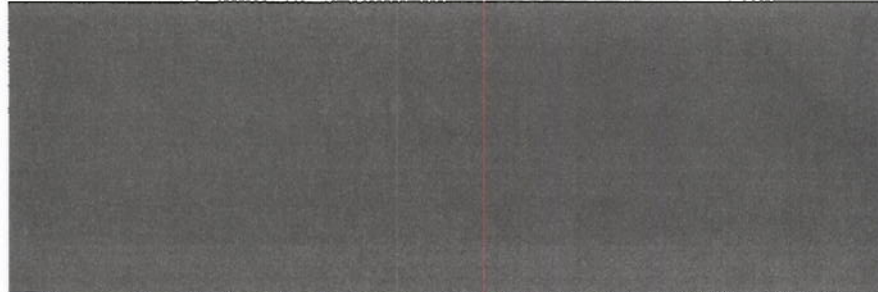
DCMA Maryland
Attn: Assistant Director of Small Business
DCMAE-GTDSB
217 East Redwood Street
Baltimore, MD 21202-5299

6. Goals

Our purchasing forecast under DoD contracts, including overhead subcontracts, is estimated at [REDACTED]. Based on this forecast, our plan for FY '05 purchases with Small Business concerns as indicated below. NG-ES believes that the percentages expressed below represent a challenge given the consolidations and emphasis in industry for synergy savings across corporate business elements.

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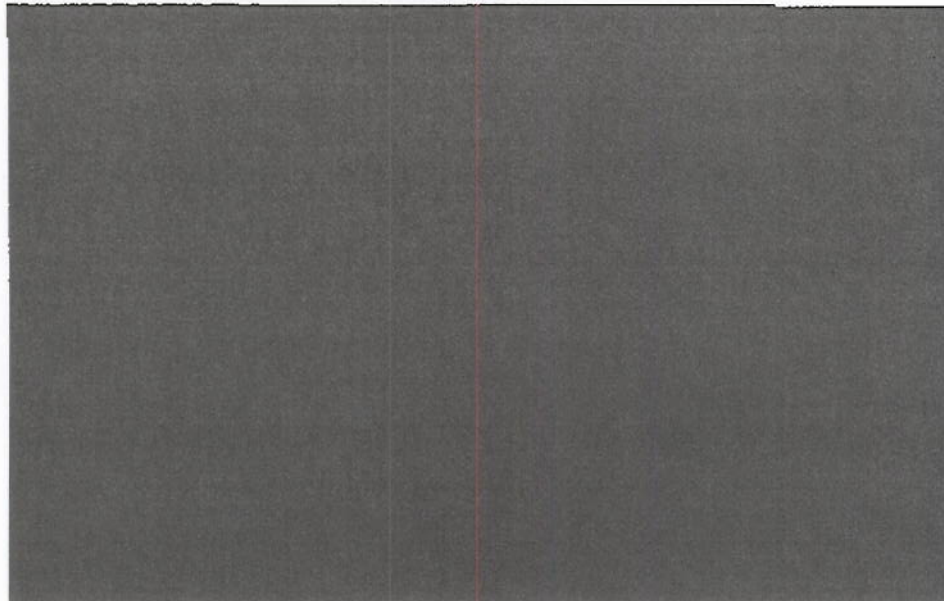
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*Assumes three categories of firms will register in Small Business Source Systems (SBS) formerly known as PRO-Net) and/or make their classification known to potential buyers.

7. Fiscal Year 2005 Comprehensive Plan Forecast

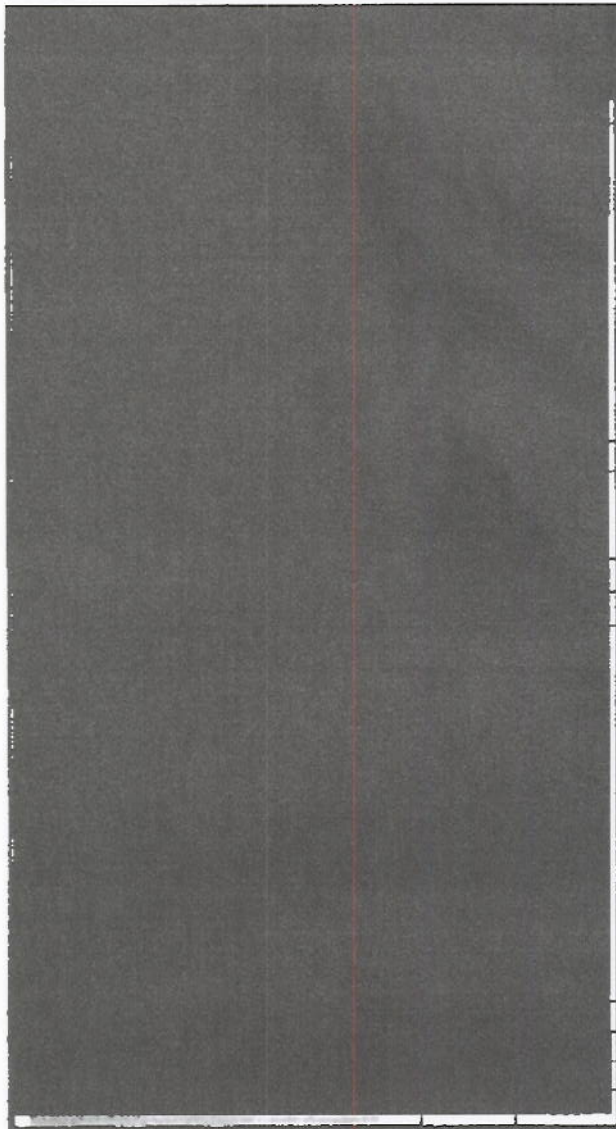
The FY '05 goals are the result of an assessment of projected purchases under DoD contracts in FY '05 as contained in the NG-ES Material Resource Plan Summary. Activities that will impact performance in all Small Business categories include:



Identified immediately below is the DoD forecast for FY '05. The identified programs and/or projected business area purchases are as follows:

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Current business strategies frequently result in [REDACTED]
cerns. Common business practices such as [REDACTED]
[REDACTED] businesses. We
aggressively seek to engage [REDACTED]
[REDACTED]

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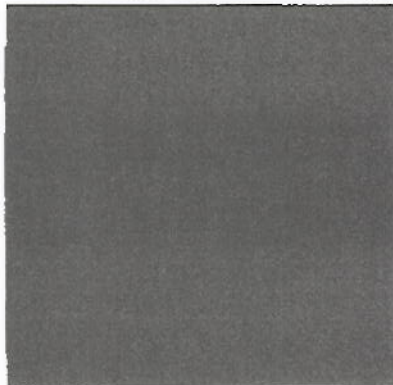
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Our challenge continues to be one of identifying qualified suppliers that have a willingness to participate in federal government subcontracting. Moreover, the regulatory requirements of both industry and government have a significant impact upon our efforts.

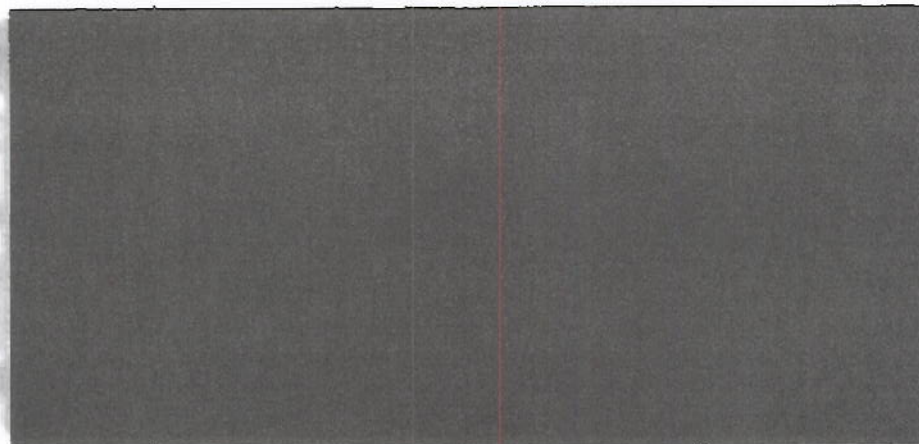
8. Principal Supplies and Services

NG-ES procures products and services that support the U.S. Government. NG-ES provides but is not limited to the design, development and manufacture of [REDACTED]

The procurement activity will include both large and small suppliers. Historically, large businesses are the suppliers for the following category of products:



NG-ES will provide opportunities for Small Business concerns to compete in as many areas as possible, including those listed above, where qualified sources are identifiable. However, we believe that the specific areas of focused subcontracting for Small Business concerns are:



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9. Goal Development Methods

NG-ES methods for developing Small Business Goals include two basic approaches.

- 1) A review of anticipated material receipts in support of current contracts for products that are deliverable in FY 2005. This review will reflect the expected "direct" purchases during the year. This approach assures us that the goals are both challenging and realistic.
- 2) An assessment of the overhead or budgeted expenditures projected for FY 2005. This assessment will determine the amount of indirect purchases by NG-ES to support our plant operations and independently funded projects.

A review of Northrop Grumman's business base over the past few years was utilized to determine the amount of indirect purchases that would be allocated to the DoD direct procurement dollars. The analysis indicated that NG-ES sales are largely comprised of Department of Defense products. Additionally,

Accordingly,

to reflect this relationship.

Departments such as

with U.S. government regulation and special requirements of our DoD customer. Our inventory system is a prime example of a stringent Material Management Accounting System developed to support a requirement for separate visibility and accountability of program specific parts.

The foregoing analysis of

result in the

goals.

We derive the dollar values by

Our past performance is delineated in Attachments A& B hereto.

10. Identification and Development of Potential Sources

NG-ES uses numerous methods to locate concerns. We have developed and maintain a concerns for Periodically,

concerns. All personnel involved in actual contract and subcontract activities are

Additionally, the

Our personnel are encouraged to

Our personnel

NG-ES or other customers. During a

COMPREHENSIVE SUBCONTRACTING PLAN FY2005

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We will work closely with our customers to [REDACTED]

We will engage our [REDACTED]

where possible.

[REDACTED] concerns are given [REDACTED]
mine the [REDACTED] that NG-ES

As well, we deter-

[REDACTED] NG-ES will [REDACTED] the products
and/or services they provide meet our requirements and offer best value solutions for the ultimate
customer.

11. Administration of Plan

[REDACTED]

12. Publicity

A variety of [REDACTED]

have been developed to accomplish our
Some of these were established to [REDACTED]

NG-ES personnel concerning [REDACTED]
designed to [REDACTED]

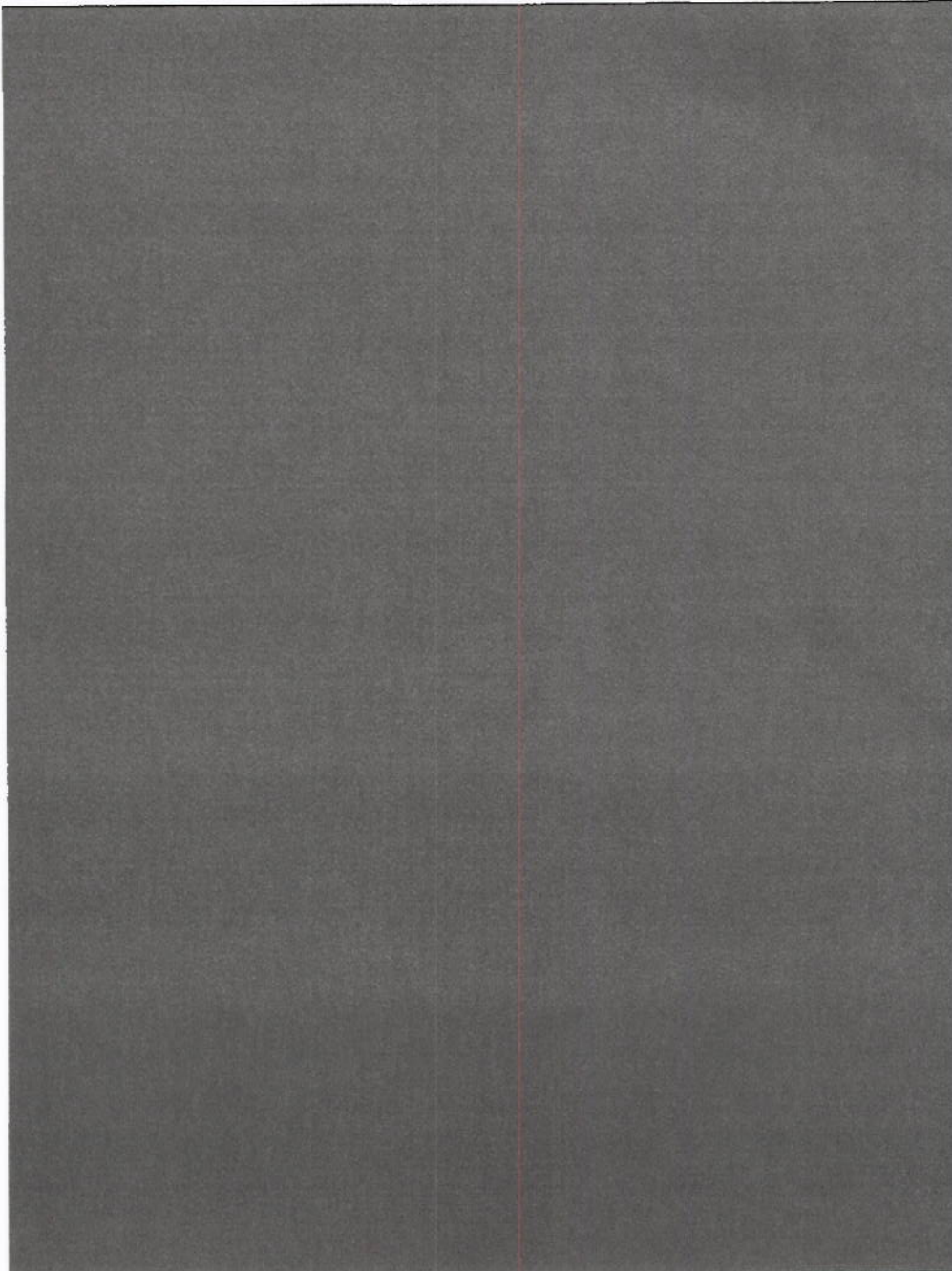
Others were
support

for the program. Some of the techniques used are:

[REDACTED]

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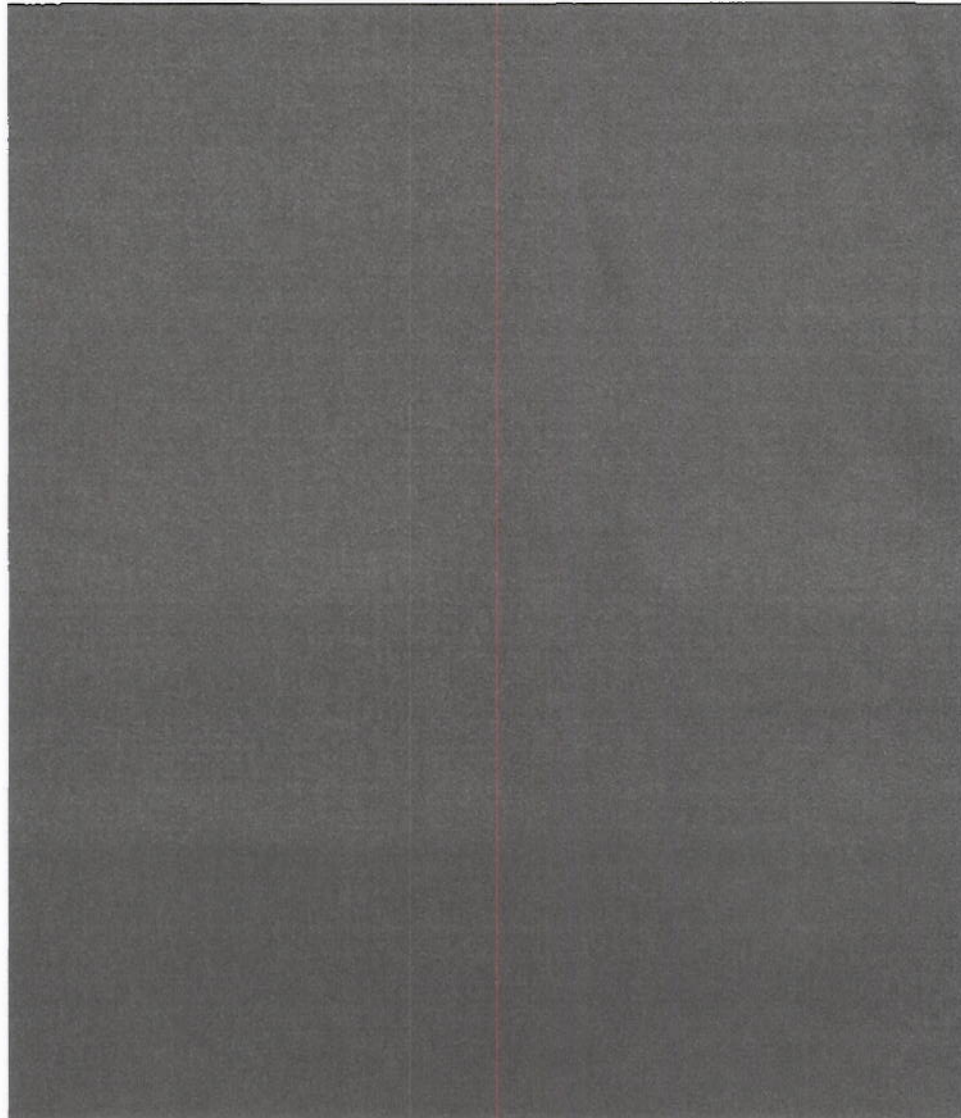
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13. Efforts to Demonstrate Equitable Utilization

NG-ES employs several approaches to ensure that [REDACTED] concerns have an opportunity to compete for our business and employs measures that afford equitable treatment. These include:



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The above mentioned methods were significant in the ability of NG-ES to

14. Resource & Records

The resources that we employ to identify suppliers are numerous and diverse. The following represents a sample of some of them.

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■

■

■

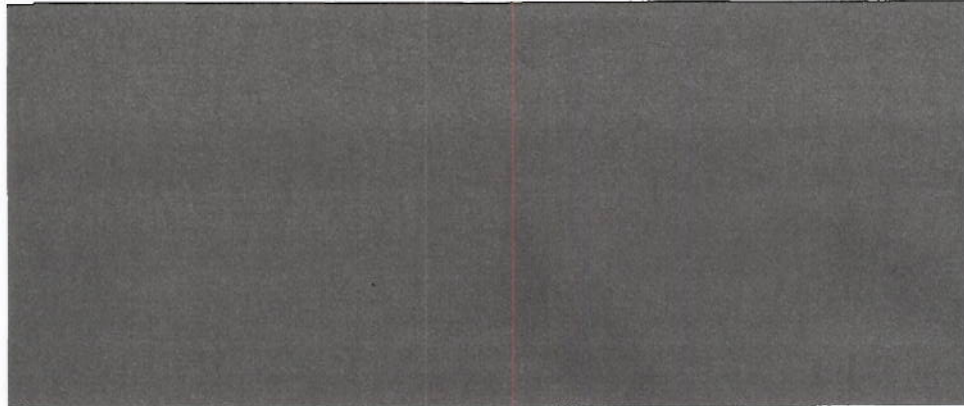
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Records

NG-ES has established several methods for supplier visibility and record keeping. Some of the methods are as follows:

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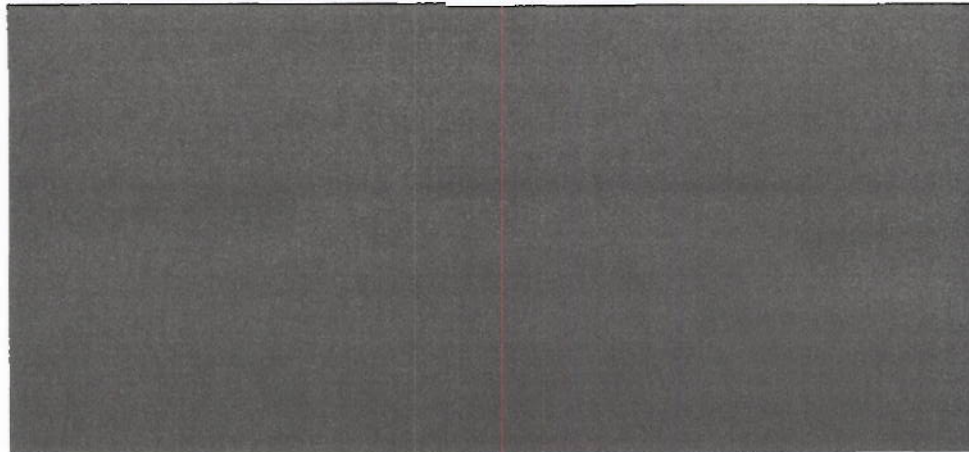
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NG-ES will cooperate in any studies or surveys, submit periodic reports and submit standard form (SF) 295, as may be required. Additionally, NG-ES will ensure that its subcontractors agree to submit SF294 and 295 as required.

15. Public Outreach Efforts

NG-ES continues to demonstrate its strong commitment to the development of [REDACTED] concerns. In FY '04 our outreach activities were numerous. A detailed listing of the various events that we participated in during FY '04 is included as Attachment C (Socio-Economic Business Programs Calendar of Events) hereto. The major events are as follows:



In FY '05, we are planning a [REDACTED] it is our goal to hold this event is during the fourth Quarter of FY '05. This event had originally been planned for FY '04; we did however, initiate dialog, followed by e-mail, to approximately [REDACTED] to investigate the possibil-

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16. Procurement Fairs

NG-ES supports a number of local and regional trade fairs and conferences

17.

NG-ES is committed to

Our goal reflects our projected requirements and the

Further, we have a

We have sent

. We have realized an increase in t

as a result

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During our outreach activities, we will seek to

18. WEB Site Connection

NG-ES has

The when contacting NG-ES personnel. Currently this

19. Targeted Industry Categories

NG-ES will continue to concentrate on categories. Our focus has due to our success in previous years. This year we have due to our success as follows:

NG-ES will continue to focus on

We are in the process of

Once the baseline is established, we will then be able to. Periodically, we

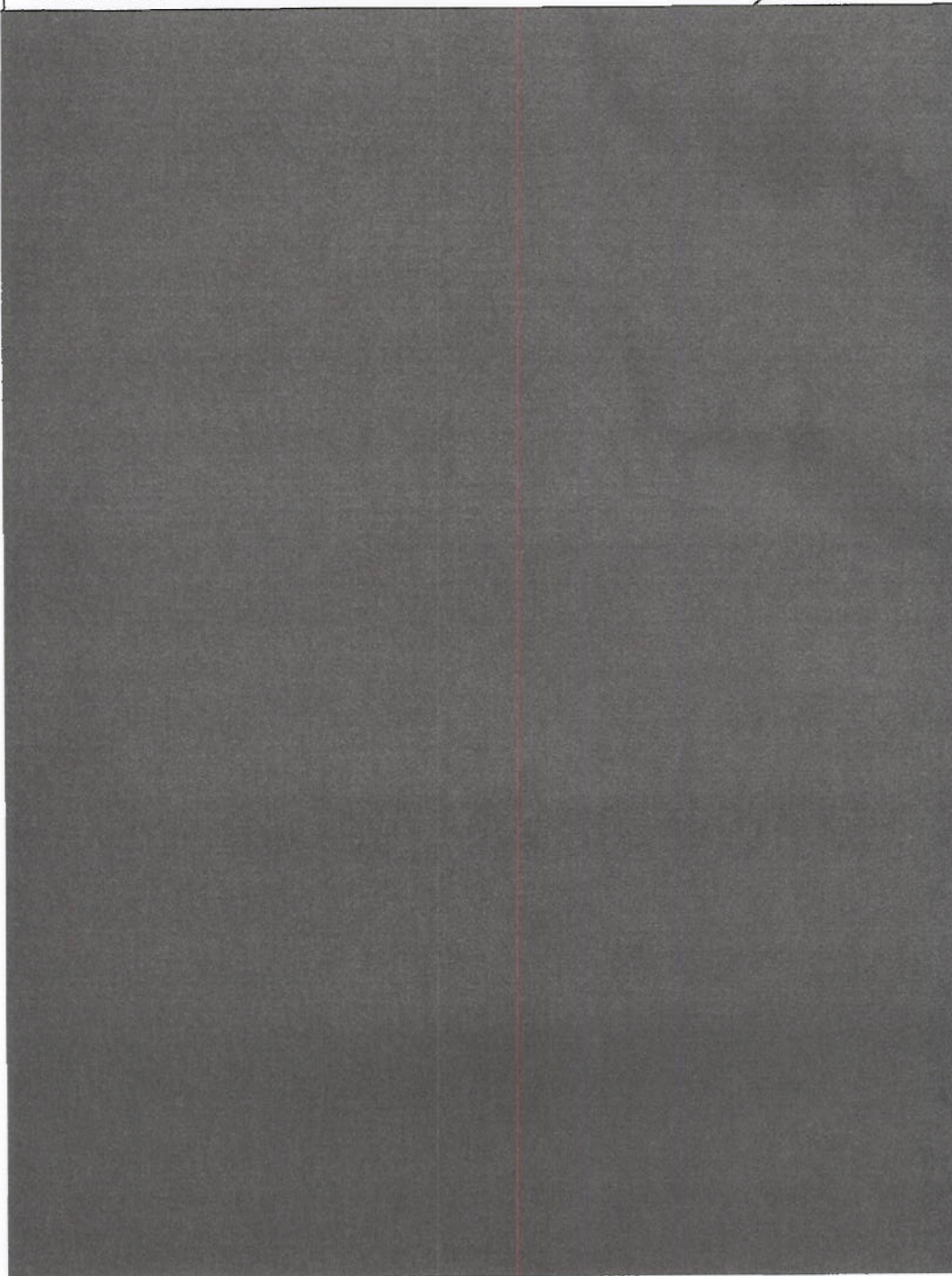
20. DoD Pilot Mentor Protégé Program

During FY '04 and resuming in FY '05, NG-ES will continue its participation in the Mentor Protégé Program.

The current agreement is with

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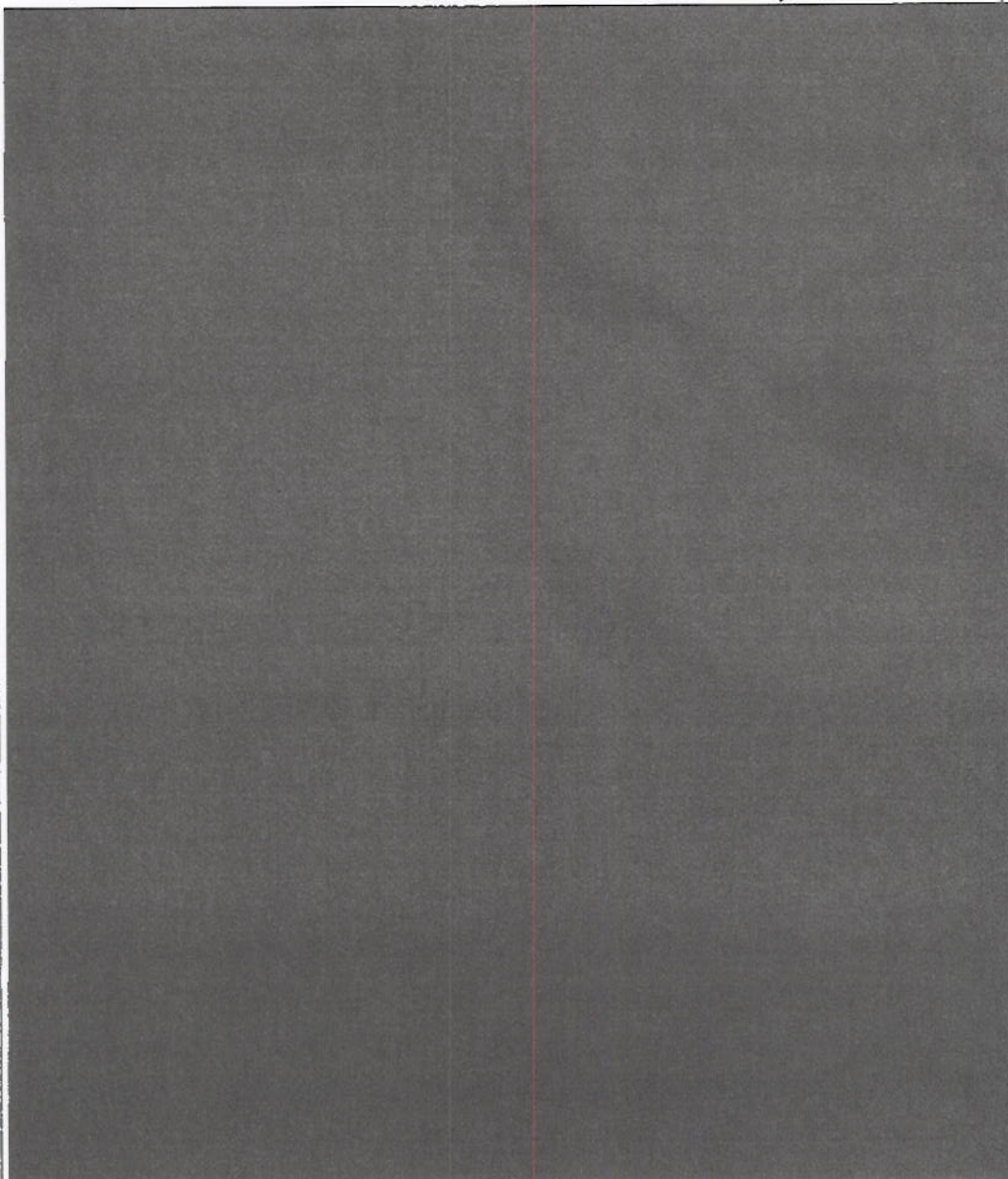


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22. Focused Plan Initiatives

Year	
FY '04	
FY '04	
FY '04	
FY '05	
FY '05	
FY '05	

* Some of these

Additional Initiatives

Our [REDACTED] During
FY '04, NGSC-ES anticipates [REDACTED]
[REDACTED] In FY '05, we will [REDACTED]
other products and services that support our contract requirements and the enterprise. One of our
initiatives is to [REDACTED]
[REDACTED] the corporation. We will explore strategies to
increase competition in certain commodity and service procurements to [REDACTED]

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23. Annual Awards Program

Each year NG-ES hosts an Annual Program Review and Awards Program to [REDACTED]
[REDACTED] The purpose of this program is to [REDACTED]
[REDACTED] During this event, individuals and groups from
varying disciplines [REDACTED]
[REDACTED] Additionally, this event provides another [REDACTED]
[REDACTED] Attendance at this event includes [REDACTED]
[REDACTED] of the corporation.

The program includes [REDACTED]

Awards include but are not limited to recognition for:

The awards program is [REDACTED]

24. NG-ES Awards

Over the years, federal government customers and industry associations have recognized NG-ES as having an outstanding Socio-Economic Business Program.

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NG-ES Baltimore facility on February 14th, 2003 was recognized with the "Corporate Champion" award at the 2nd Annual Champions of Veterans Enterprise Awards Ceremony hosted by the Department of Veterans Affairs.

Many awards are now being presented to Northrop Grumman Corporation, not just the individual sectors. In FY 2004 some of the highlights were the

- Department of Defense Nunn-Perry Award;
- Northrop Grumman Corporation is included on Diversity Business.com's List of the Top 50 Multicultural Organizations for 2004.
- Two of our were recognized during Small Business Week as SBA's Small Business Subcontractor of the Year.

25. Training

NG-ES conduct [REDACTED] This training [REDACTED]

NG-ES has established [REDACTED]

a specific contract. This [REDACTED]
at a glance. The [REDACTED]

As well as an [REDACTED]
is available within the contracts website. These initiatives serve to [REDACTED]

of the pro-

gram requirements.

The approved Comprehensive Small Business Subcontracting Plan and related attachments is posted in an electronic format on the Intranet. As a result, it is readily available for review and use by our personnel.

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26. Attachments

Additional data in support of the information provided herein is included in the attachments delineated below.

- Attachment A: *Comprehensive Plan Subcontracting History - [REDACTED]
- Attachment B: [REDACTED] Subcontracting History
- Attachment C: 2004 Socio-Economic Business Programs Calendar of Events (as of September 2004)
- Attachment D: Listing of Northrop Grumman [REDACTED]

End of Document

* FY '04 Data is through September 2004.

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